



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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July 12, 1995

TO: Minerals File

FROM: Tom Munson, Reclamation Hydrologist

RE: DOGM Office Meeting, Permit Transfer and Reclamation Contract Discussions, Thomas J. Peck and Sons, Nephi Gypsum Mine, M/023/011, Juab County, Utah

Date of Meeting: July 12, 1995
Time of Meeting: 10:00 AM - 11:30 AM
Participants: Robert Steele, Owner of Nephi Gypsum; Wayne Hedberg, Tom Munson, DOGM

Purpose of meeting: To sort out mine operator status and who will be held responsible for continued operation and ultimate reclamation of the Nephi Gypsum mine.

The meeting began with the Division explaining the need to have the outstanding permit transfer and reclamation contract forms completed. Wayne then asked Mr. Steele to describe his involvement and personal understanding of the status of mining activities at the Nephi gypsum quarry, including his intentions regarding the signing of the Permit Transfer (FORM MR-TRL) and Reclamation Contract (FORM MR-RC) forms. Mr. Steele informed us that Nephi Sandstone Corporation has been contract mining the gypsum quarry (Jack Dansie and sons - Craig and Bruce) for the past 3-4 years. He indicated that only a verbal agreement (and handshake) and some form of signed indemnification clause/agreement exists between the parties. Jack Dansie's sons are presently operating the mine and are trying to force their father out of the corporation. A legal battle is ongoing between the feuding family members. Mr. Steele stated that the sons have run their father off the property, even though he still owns 1/3 interest. He also showed us a copy of a subpoena soliciting his deposition on the matter, later that afternoon in Provo.

Mr. Steele felt that it was unlikely that he could persuade Craig and Bruce Dansie to take over the reclamation responsibility and post a replacement surety for the mine. Wayne informed Mr. Steele that our records still list Thomas J. Peck and Sons as the operator of this mine under the original DOGM approved permit. Tony Peck filed a



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replacement reclamation surety in May 1992, following an unapproved cancellation of the original surety filed by Thomas Peck and Sons. Thomas Peck and Sons have requested that the mine permit and bonding requirements be transferred to the present mine operator.

Mr. Steele stated that he and Tony Peck (his partner and co-owner?) would probably end up having to reclaim the mine site. He said that he would ask Mr. Peck to jointly sign the required forms with him. He still believes that Thomas J. Peck and Sons should retain some of the reclamation responsibility because of their previous mining involvement with the project. We asked Mr. Steele to submit the completed forms to us no later than July 25, 1995. He agreed to get the forms properly signed and notarized, including signatures from Thomas J. Peck and Sons and return them to us by July 25th.

Wayne informed Mr. Steele we needed the following items:

- 1) Signed Reclamation Contract (FORM MR-RC). We gave Mr. Steele another partially completed copy of the form and asked him to fill in the incomplete sections.
- 2) Signed Permit Transfer (FORM MR-TRL). We gave him another partially completed copy of the form and asked him to fill in the remaining sections and acquire the appropriate signatures.
- 3) A legal description of the lands to be disturbed to at least the 1/4, 1/4 section, and an accurately scaled map of the existing surface disturbance.

We informed Mr. Steele that a DOGM site inspection would be performed to confirm that the existing reclamation surety estimate accurately reflects the reclamation responsibility. We agreed to meet Mr. Steele at the mine site on Wednesday, July 19, 1995 at 9:00 a.m.

Additional items discussed included the @200-300,000 tons of fines which are currently stockpiled on site. Mr. Steel indicated that these fines have significant economic value and will probably be sold at a future date as a fertilizer/soil amendment, or be blended with higher grade gypsum for cement plant feedstock. It was Mr. Steele's opinion that there may only be another 2 years of mine life left (excluding fines stockpiles). Apparently the quality of the gypsum is deteriorating. They are encountering more anhydrous gypsum, the non-wetting type, which is not compatible with their Ash Grove Cement contract.

jb
cc: Robert Steele
Lowell Braxton
M023011.mem